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Memorandum

Agenda Item 5

TO: Bay Area Headquarters Authority (BAHA)

DATE: June 19, 2013

FR: Executive Director

RE: BAHA Resolution No. 11, BAHA FY2013-14 Budget

Attachment A is the requested BAHA budget for FY2013-14.

Pursuant to BATA Resolution No. 102, revised, the total project authorization, including adjustments for FY 2013-14 is \$218 million. The funding is broken down as follows:

BATA transfer	\$215.5 million
Prior year staff transfers	1.0 million
FY 2013-14 rental and interest	<u>1.2 million</u>
Life-to-date project budget	\$217.7 million

One change from the FY 2012/13 budget is the building income stream is added to the approved capital project rather than be listed in a separate operating budget. This change simplifies budgeting and accounting keeping all revenue and expense in a single project. The life-to-date budget continues unless further adjustments are authorized.

The FY 2013-14 amendment includes rental income from the Western Laboratory (Lab), common area maintenance expenses, and payment to a property management firm for overseeing building operations. The budget adjustments for FY 2013-14 include the following:

- Cushman & Wakefield of California, Inc. assumes property management services effective July 1, 2013 and provides building management, accounting and other services;
- The Lab relocates by April 2014, which will eliminate most current rental income;
- McCarthy Building Services, Inc. assumes operational services as part of its construction contract (i.e. trash, janitorial and security) while maintenance and repair expenses will be reduced once the Lab relocates;
- Funding for marketing expenses (\$52,500) to attract prospective new tenants is included.

With these changes, the life to date budget for development of the property is \$218 million, which includes the \$215 million capital contribution, as well as rental income and building management expenses.

Recommendation:

Staff recommends that this Authority approve BAHA Resolution No. 11, BAHA FY2013-14 Budget.


for _____
Steve Heminger

Attachments

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Date: June 26, 2013

ABSTRACT

BAHA Resolution No. 11

This resolution approves the Budget for FY 2013-14 for the Bay Area Headquarters Authority (BAHA).

Discussion of this Resolution can be found in the Executive Director's Memorandum to BAHA dated June 19, 2013.

Re: Bay Area Headquarters Authority's Budget for FY 2013-14

BAY AREA HEADQUARTERS AUTHORITY
RESOLUTION No. 11

WHEREAS, the Metropolitan Transportation Commission ("MTC") and the Bay Area Toll Authority ("BATA") have executed a joint exercise of powers agreement dated September 28, 2011 which creates and establishes the Bay Area Headquarters Authority ("BAHA"); and

WHEREAS, the BAHA staff has prepared a proposed budget setting forth the anticipated revenues and expenditures of BAHA for FY2013-14 according to generally accepted accounting principles; now, therefore, be it

RESOLVED, that BAHA approves the FY 2013-14 budget as set forth in Attachment A to this Resolution; and, be it further

RESOLVED, that the BAHA staff may approve adjustments among line items in the BAHA Budget for FY2013-14 providing that there shall be no increase in the overall budget without prior approval of BAHA; and, be it further

RESOLVED, that the Executive Director or designee shall submit written requests to BAHA for approval of consultants, professional services, and expenditures authorized in the BAHA Budget for FY 2013-14; and be it further

RESOLVED, that the Executive Director and Treasurer and Auditor are authorized to carry over and re-budget all funds and contracts properly budgeted in the prior year for which expenditures were budgeted and encumbered and which will take place in FY2013-14; and, be it further

RESOLVED, that the BAHA staff shall furnish BAHA with at minimum, at least quarterly, a financial report to reflect budgeted and actual income, expenditures, obligations for professional and consultant services, and such other information and data as may be requested by BAHA.

BAY AREA HEADQUARTERS AUTHORITY

Amy Rein Worth, Chair

The above resolution was entered into by the Bay Area Headquarters Authority at a regular meeting of the Authority held in Oakland, California, on June 26, 2013.

BAHA BUDGET

Attachment A

	LTD Budget Thru FY2012-13	Budget FY 2013-14	Total Budget Thru FY2013-14	LTD Actual Thru FY2012-13	LTD Balance Thru FY2013-14
Revenue:					
Rental Income *	\$0	\$1,246,121	\$1,246,121	\$0	\$1,246,121
Interest Income	0	0	0	61,614	(61,614)
Transfer in from MTC	551,160	0	551,160	551,160	0
Transfer in from SAFE	62,910	0	62,910	62,910	0
Transfer in from BATA	357,486	0	357,486	357,486	0
Capital Contribution	215,450,000	0	215,450,000	215,450,000	0
Total Revenue	\$216,421,556	\$1,246,121	\$217,667,677	\$216,483,170	\$1,184,507
Expenses:					
Operating Expenses *					
Cleaning Services		\$40,970	\$40,970		\$40,970
Repairs and Maintenance		293,317	293,317		293,317
Utilities		556,656	556,656		556,656
Security		167,640	167,640		167,640
Total Operating Expenses		\$1,058,583	\$1,058,583		\$1,058,583
General & Administration Expenses					
Property Management Fees		\$257,277	\$257,277		\$257,277
Business Insurance		102,300	102,300		102,300
Other G & A Expenses		28,480	28,480		28,480
Total General & Administration Expenses		\$388,057	\$388,057		\$388,057
Marketing Expenses		\$52,500	\$52,500		\$52,500
Total Building Management Expenses		\$1,499,140	\$1,499,140		\$1,499,140
Purchase Building	\$93,000,000	\$0	\$93,000,000	\$93,066,879	(\$66,879)
Building Development	89,200,000	(1,614,783)	87,585,217	6,316,824	81,268,393
Development Contingency	18,250,000	0	18,250,000	0	18,250,000
Furniture, Fixtures, Equipment	15,000,000	0	15,000,000	0	15,000,000
Staff Costs	766,556	1,361,763	2,128,319	927,987	1,200,332
Transfer to Operating Shortfall	205,000	0	205,000	206,355	(1,355)
Total Expenses	\$216,421,556	\$1,246,120	\$217,667,677	\$100,518,045	\$117,149,631

* : Carried as operating income and expense in prior years. Starting in FY 2013-14 all revenue and expense reflect contribution to project development and completion.